

Message Text

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PAGE 01 BRUSSE 00162 101806Z

64

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 TRSE-00 XMB-07 FRB-02 CIAE-00

INR-10 NSAE-00 RSC-01 L-03 DRC-01 /061 W

----- 065602

R 101715Z JAN 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9574

INFO AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

UNCLAS BRUSSELS 0162

E.O. 11652: N/A

TAGS: EFIN, BE

SUBJECT: UNITED STATES NATIONAL BANK OF SAN DIEGO

1. PRESIDENT OF BELGIAN BANK COMMISSION, MR. A. OLEFFE, HAS GIVEN US COPY OF LETTER OF JANUARY 4, 1974 TO COMPTROLLER OF CURRENCY AND BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM ON SUBJECT OF UNITED STATES NATIONAL BANK. FULL TEXT OF LETTER (WHICH IS IN FRENCH) BEING FORWARDED BY AIR POUCH.

2. REFERRING TO RECENT USG STATEMENTS ON THE USNB SITUATION (STATE 234260) AND FDIC PRESIDENT WILLE'S NOVEMBER 27 STATEMENT, BANK COMMISSION PRESIDENT OLEFFE'S LETTER STATES FORMALLY THAT THESE EXPLANATIONS*DO NOT SUFFICE TO EXPLAIN WHY "CERTAIN DEBTS, SPECIFICALLY THAT OF THE CREDIT GENERAL OF BELGIUM COULD POSSIBLY BE SEPARATED FROM THE ASSETS AND LIABILITIES TAKEN OVER BY THE CROCKER NATIONAL BANK."

3. OLEFFE MAKES MENTION OF HIS LETTER OF NOVEMBER 16, 1973 TO USG AUTHORITIES AND SAYS THAT NEW INFORMATION AVAILABLE TO HIM CORRECTS CERTAIN STATEMENTS HE MADE THEREIN. SPECIFICALLY HE REFERS TO HIS DESCRIPTION OF THE CHARACTER OF THE USNB LETTER OF CREDIT ISSUED TO THE CREDIT GENERAL. ACCORDING TO OLEFFE:

(A) THE LETTER OF CREDIT IN QUESTION "STATES CLEARLY THAT IT
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PAGE 02 BRUSSE 00162 101806Z

IS THE USNB ITSELF WHICH ENGAGED TO PAY THE CREDIT GENERAL ON

DECEMBER 18, 1973, THE LOAN DUE DATE, SOLELY UPON PRESENTATION OF A CONTRACT OR RECEIPT ACCOMPANIED BY THE LETTER OF CREDIT."

(B) IN BOTH BELGIAN AND AMERICAN LAW THE LETTER OF CREDIT CONTAINS NO ENGAGEMENT ON BEHALF OF THE FINANCIERA AMERICAN CENTRAL S.A.

(C) BELGIAN OFFICIAL INVESTIGATORS CAN FIND NO DOCUMENT IN POSSESSION OF THE CREDIT GENERAL SHOWING THE EXISTENCE OF AN OBLIGATION DUE FROM FINANCIERA AMERICAN CENTRAL. THE BELGIAN BANK "NOEVER ASKED OR THOUGHT OF ASKING FOR SUCH A DOCUMENT AS IT HAD ALWAYS CONSIDERED THAT THE USNB WAS THE SOLE BORROWER. IN THIS REGARD, BELGIAN INVESTIGATORS HAVE OFFICIALLY INFORMED MR OLEFFE THAT "IT WAS ONLY AFTER ACTUALLY REMITTING DIRECTLY TO THE USNB THE SUM OF \$932,076.77 (REPRESENTING THE VALUE OF DECEMBER 18, 1972 OF \$1,000,000 DISCOUNTED AT THE RATE OF 7 3/16 PERCENT) THAT THAT BANK RECEIVED THE LETTER OF CREDIT AND THAT IT WAS ONLY AT THAT MOMENT THAT THEY LEARNED THAT THE SUM LENT TO THE USNB HAD ACTUALLY BEEN USED BY THE USNB TO MAKE A LOAN TO THE FINANCIERA AMERICA CENTRAL S.A."

3. ON THE BASIS OF THE ABOVE, OLEFFE CONCLUDES THAT THE CREDIT GENERAL IS THEREFORE THE TRUE BENEFICIARY OF AN IRREVOLCABLE OBLIGATION ENGAGED IN DIRECTLY BY THE USNB WHICH SHOULD BE ACCORDINGLY SHOWN ON THE ACCOUNTS OF THE USNB.

4. LETTER CONCLUDES BY SAYING THAT IN A GENERAL SENSE, THE DISPUTES CONCERNING THIS TYPE OF SITUATION "WORRY" HIM. THEREFORE, GIVEN HIS OBLIGATION TO ADVISE BELGIAN BANKS, HE WOULD APPRECIATE RECEIVING FROM USG AUTHORITIES AN AUTHORITATIVE DEFINITION OF THE EXTENT OF OBLIGATION OF AMERICAN BANKS IN THIS SECTOR OF BANKING ACTIVITY. STRAUSS-HUPE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, BANKRUPTCIES, LETTERS OF CREDIT
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRUSSE00162
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740151/aaaabwmk.tel
Line Count: 93
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2002 by daviscw>; APPROVED <29 APR 2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNITED STATES NATIONAL BANK OF SAN DIEGO
TAGS: EFIN, BE, UNITED STATES NATIONAL BANK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005